

**TRANSMITTAL AND NOTICE OF APPROVAL OF  
STATE PLAN MATERIAL**  
HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER:

0 0 — 1 6

2. STATE:

NC

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL  
SECURITY ACT (MEDICAID)TO: REGIONAL ADMINISTRATOR  
HEALTH CARE FINANCING ADMINISTRATION  
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE

September 18, 2000

5. TYPE OF PLAN MATERIAL (Check One):

☐ NEW STATE PLAN☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:

42 CFR 447.272

7. FEDERAL BUDGET IMPACT:

a. FFY 00 \$ 1,281,002

b. FFY \$

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19-A pages 18g and 18h

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION  
OR ATTACHMENT (If Applicable):

Attachment 4.19-A pages 18g and 18h

10. SUBJECT OF AMENDMENT:

Inpatient Rehabilitation Hospitals Disproportionate Share Payments

11. GOVERNOR'S REVIEW (Check One):

☒ GOVERNOR'S OFFICE REPORTED NO COMMENT☒ OTHER, AS SPECIFIED:☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED

Not required

☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

12. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME:

H. David Bruton, MD

14. TITLE:

Secretary

15. DATE SUBMITTED:

16. RETURN TO:

Office of the Secretary  
Department of Health & Human Services  
2001 Mail Service Center  
Raleigh, North Carolina 27699-2001**FOR REGIONAL OFFICE USE ONLY**

17. DATE RECEIVED:

September 28, 2000

18. DATE APPROVED:

December 6, 2000

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

September 18, 2000

20. SIGNATURE OF REGIONAL OFFICIAL:

21. TYPED NAME:

Dagmar A. Grasser

22. TITLE: Associate Regional Administrator  
Division of Medicaid and State Operations

23. REMARKS:

State Plan Under Title XIX of the Social Security Act  
Medical Assistance Program  
State: NORTH CAROLINA

Payments for Medical and Remedial Care and Services: Inpatient Hospital

- (n) An additional disproportionate share hospital payment during the twelve-month period ending September 30, 2000 (subject to the availability of funds and to the payment limits specified in this Paragraph) shall be paid to large free-standing inpatient rehabilitation hospitals that are qualified public hospitals. For purposes of this paragraph a large free-standing inpatient rehabilitation hospital is a hospital licensed for more than 100 rehabilitation beds. For purposes of this paragraph a qualified public hospital is a hospital that: qualifies for disproportionate share hospital status under Subparagraph (a)(1) through (5) of this state plan; does not qualify for disproportionate share hospital status under Subparagraph (a)(6) of this state plan; was owned or operated by a State (or by an instrumentality or a unit of government within a State) from September 18, 2000 through and including September 30, 2000; and verifies its status as a public hospital by certifying state, local, hospital district or authority government control on the most recent version of Form HCFA-1514 filed with the Health Care Financing Administration, U.S. Department of Health and Human Services on or before September 18, 2000.
- (1) The payment to qualified hospitals for the 12-month period ending September 30, 2000 shall be based on and shall not exceed the "Medicaid Deficit" for each hospital. The Medicaid Deficit shall be calculated by ascertaining the reasonable costs of inpatient and outpatient hospital Medicaid services less Medicaid payments received or to be received for these services. For purposes of this Subparagraph:
- (A) Reasonable costs shall be ascertained in accordance with the provisions of the Medicare Provider Reimbursement Manual as defined in Paragraph (b) of this state plan.
  - (B) The phrase "Medicaid payments received or to be received for these services" shall exclude all Medicaid disproportionate share hospital payments received or to be received.

TN. No. 00-16  
Supersedes  
TN. No. 99-20

Approval Date DEC 06 2000 Eff. Date 09/18/00

State Plan Under Title XIX of the Social Security Act  
Medical Assistance Program  
State: NORTH CAROLINA

Payments for Medical and Remedial Care and Services: Inpatient Hospital

- (2) The disproportionate share hospital payments to qualified public hospitals shall be made on the basis of an estimate of costs incurred and payments received for inpatient and outpatient Medicaid services during the payment fiscal year 2000. The Director of the Division of Medical Assistance shall determine the amount of the estimated payments to be made by an analysis of costs incurred and payments received for Medicaid services as reported on cost reports for the fiscal year ending in 1999 and filed before September 18, 2000 and supplemented by additional financial information available to the Director when the estimated payments are calculated if and to the extent that the Director concludes that the additional financial information is reliable and relevant
- (3) The payment limits of the Social Security Act, Title XIX, Section 1923(g)(1) applied to this payment require on a hospital-specific basis that when this payment is added to other disproportionate share hospital payments, the total disproportionate share hospital payments will not exceed 100 percent of the total costs of providing inpatient and outpatient services to Medicaid and uninsured patients for the fiscal year for which such payments are made, less all payments received for services to Medicaid and uninsured patients for that year. The total of all DSH payments by the Division may not exceed the limits on Disproportionate Share hospital funding as established for this State by HCFA in accordance with the provisions of the Social Security Act, Title XIX, Section 1923(f) for the fiscal year for which such payments are made.
- (4) To ensure that estimated payments pursuant to this paragraph do not exceed the upper limits to such payments described in the preceding Subparagraph and established by applicable federal law and regulation, such payments shall be cost settled within 12 months of receipt of the completed cost report covering the 12 month period for which such payments are made. No additional payments shall be made in connection with the cost settlement.

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